

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4707-01  
Bill No.: Perfected HB 1745  
Subject: Licenses - Motor Vehicles; Revenue, Department of  
Type: Original  
Date: March 2, 2016

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Bill Summary: This proposal changes the laws regarding semitrailer registration requirements.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	\$0	\$5,764	\$9,722
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$5,764</b>	<b>\$9,722</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Highway Fund	\$1,135,091	\$1,623,577	\$1,076,526
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$1,135,091</b>	<b>\$1,623,577</b>	<b>\$1,076,526</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Revenue (DOR)** assume this proposal opens permanent trailer registrations to any trailer as defined in §301.010, RSMo, and semitrailers, at a fee of \$52.50, by deleting restrictions for trailers or semitrailers which are operated coupled to a towing vehicle by a fifth wheel and kingpin assembly or by a trailer converter dolly.

#### Administrative Impact:

##### Motor Vehicle Bureau (MVB)

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours at a cost of \$890 in FY 2017.
- The Department's website will need to be updated. This will require 10 hours for an Administrative Analyst III, at a cost of \$240 in FY 2017.

**Oversight** assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

**DOR** stated currently one and three year trailer registrations expire at the end of each given calendar year. Due to permanent trailer plates being non-expiring, there will be a cost reduction from the elimination of renewal notices that are currently mailed at the end of each year, or three years. This proposal would result in savings to the Department for the cost of postage (\$.224 for each renewal notice) and forms (\$.0224 per renewal notice).

DOR cannot determine how many applicants will switch to a permanent registration upon renewal of their current one or three year registration; therefore, for purposes of this fiscal note, it is assumed 10% of all applicants will obtain a permanent registration at the time of renewal, thus eliminating the need for a renewal notice in subsequent years. All renewals expiring at the end of 2016 (FY 2017) will need to be mailed, and thus there will be no savings. For FY 2018 there will be a savings of \$5,764 and in FY 2019 \$9,722.

ASSUMPTION (continued)

Revenue Impact:

There are currently 297,924 trailer registrations expiring at the end of 2016 (FY 2017), 289,114 at the end of 2017 (FY 2018), and 86,207 at the end of 2018 (FY 2019). Based on current statistics 54% of trailer registrations are one year and 46% are three year.

DOR cannot determine how many applicants will obtain a permanent registration in lieu of a one or three year registration either at initial issuance or renewal; therefore, for purposes of this fiscal note, it is assumed 10% of all applicants will obtain a permanent registration.

The fee of \$52.50 will be charged for the issuance of permanent registrations resulting in the revenue estimate impact for permanent registrations vs. one and three-year trailer registrations as shown below:

	FY 2017	FY 2018	FY 2019
1 Year Trailer Plate	(\$120,659)	(\$175,732)	(\$120,319)
3 Year Trailer Plate	(\$308,351)	(\$426,890)	(\$265,957)
Permanent Plate	\$1,564,101	\$2,226,199	\$1,462,802
<b>Total Increase to Highway Fund</b>	<b>\$1,135,091</b>	<b>\$1,623,577</b>	<b>\$1,076,526</b>

Since it is unknown how many potential permanent trailer registrations will be issued, for fiscal note purposes only, **Oversight** will use DOR's estimate. Oversight will reflect a revenue increase for the proposed \$52.50 registration fee and a savings of cost associated with renewals to the Highway Fund.

**Oversight** notes that income to the Highway Fund may begin to reduce starting in the 4th fiscal year due to fewer 1 year and 3 year trailer plate renewals.

Officials from the **Department of Transportation** assume the proposal will have no fiscal impact on their organization.

ASSUMPTION (continued)

House Amendment 1

Officials from the **Department of Revenue (DOR)** state the following regarding this amendment:

§301.560

This proposal eliminates the reference to the Missouri State Water Patrol and adds "or authorized or designated employee" of the Highway Patrol in regards to the inspection performed to certify that an applicant for licensure as a boat manufacturer or boat dealer is a bona fide place of business.

Administrative Impact:

Motor Vehicle Bureau (MVB)

- Procedures will need to be revised by a Management Analyst Specialist I requiring 80 hours at a cost of \$1,780 in FY 2017.
- The Department's website will need to be updated. This will require 10 hours for an Administrative Analyst III, at a cost of \$240 in FY 2017.
- The Dealer Operating Manual will need to be revised to include the change. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY 17.
- The Application for Dealer, Auction, or Manufacturer License and Number Plate(s) (DOR-4682) will need to be revised to include the change. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY 17.

**Oversight** notes House Amendment 1 creates an additional minimal fiscal impact on the original proposal. **Oversight** assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this amendment.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
<b>GENERAL REVENUE FUND</b>			
<u>Savings - DOR</u> Renewal notices not sent out	<u>\$0</u>	<u>\$5,764</u>	<u>\$9,722</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b><u>\$0</u></b>	<b><u>\$5,764</u></b>	<b><u>\$9,722</u></b>
<b>HIGHWAY FUND</b>			
<u>Revenue - DOR</u> Permanent registration fee (\$52.50) vs 1 year (\$7.50) or 3 year (\$22.50) registration fees	<u>\$1,135,091</u>	<u>\$1,623,577</u>	<u>\$1,076,526</u>
<b>ESTIMATED NET EFFECT TO THE HIGHWAY FUND</b>	<b><u>\$1,135,091</u></b>	<b><u>\$1,623,577</u></b>	<b><u>\$1,076,526</u></b>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

License offices may see a reduction in processing fees collected from trailer registrations.

FISCAL DESCRIPTION

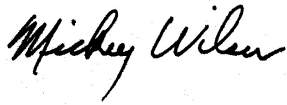
Currently, only a trailer or semitrailer that is operated coupled to a towing vehicle by a fifth wheel and kingpin assembly or by a trailer converter dolly may permanently registered the trailer upon the payment of a \$52.50 fee. The proposal allows any trailer or semitrailer to be permanently registered.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

L.R. No. 4707-01  
Bill No. Perfected HB 1745  
Page 7 of 7  
March 2, 2016

SOURCES OF INFORMATION

Department of Transportation  
Department of Revenue

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large initial 'M'.

Mickey Wilson, CPA  
Director  
March 2, 2016

Ross Strope  
Assistant Director  
March 2, 2016